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Arizona Corporation Commission

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

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 10 IN THE MATTER OF THE APPLICATION OF  
 11 H2O, INC. FOR AN EXTENSION OF ITS  
 12 EXISTING CERTIFICATE OF CONVENIENCE  
 AND NECESSITY.

DOCKET NO. W-02234A-00-0371

**FIRST SUPPLEMENT TO  
APPLICATION**

13  
 14 H2O, Inc. ("H2O"), hereby supplements its application for an Order approving an  
 15 extension of its existing Certificate of Convenience and Necessity ("CC&N"). In support of this  
 16 First Supplement To Application, H2O states as follows:

17 1. On May 30, 2000, H2O filed an application seeking an extension of its existing  
 18 CC&N (the "Application"). The Application sought authority to extend water utility service to  
 19 several parcels contiguous to H2O's existing CC&N including, without limitation, proposed  
 20 residential developments known as Pecan Farms, Ware Farms, Homeplace and a portion Johnson  
 21 Farms.<sup>1</sup>

22  
 23 2. The additional areas covered by this supplement include parcels known as Skyline  
 24 Ranch and Morning Sun Farms. Additionally, this amendment includes the portion of the Circle  
 25

26 <sup>1</sup> Approximately one third of the proposed Pecan Farms development is already located with  
 H2O's existing certificated service area. In addition, the majority of the area known as Johnson

1 Cross Ranch development not previously included in the Application.

2 3. H2O's Application includes the portion of Circle Cross Ranch which lies north  
3 and east of the Southern Pacific Railroad tracks. The remaining portion of Circle Cross Ranch  
4 was not included in the Application because, at the time the Application was filed, H2O was  
5 informed that the area south of the railroad tracks would be developed separately. As a result,  
6 H2O concluded that the railroad track provided a natural boundary. Subsequently, however, H2O  
7 has learned that the owners of Circle Cross Ranch intend to develop the entire parcel as one  
8 subdivision and further prefer to have the entire development served by one water utility. H2O  
9 has also determined that crossing the railroad track can be accomplished in a cost effective  
10 manner. See Prefiled Rebuttal Testimony of Brian P. Tompsett at 4.  
11

12 4. The Morning Sun Farms and Skyline Ranch developments are contiguous to the  
13 Circle Cross Ranch property. The further extension of service to these developments is logical  
14 and in the public interest if service is extended to the Circle Cross Ranch development.  
15 Extending service to Morning Sun Farms and Skyline Ranch in addition to Circle Cross Ranch  
16 will allow for greater economies of scale benefiting both the developers and H2O. In addition,  
17 by granting this supplemental request for an extension of H2O's certificated area, H2O's cost of  
18 service will be spread over a larger customer base thereby proving a direct benefit to rate payers.  
19

20 5. The only other party in this docket that seeks to provide water utility service to  
21 this area is Johnson Utilities. Johnson Utilities, which has been in operation only a short time,  
22 has already been cited for 40 separate violations of ADEQ regulations in connection with its  
23 provision of water and wastewater utilities services. See Staff Report dated September 26, 2000,  
24 Docket No. WS-02987A-00-0618. Consequently, with an existing certificated area already  
25

26 Farms is already within H2O's current CC&N.

1 encompassing some 45 square miles of mostly undeveloped or currently developing lands,  
2 Johnson Utilities should focus on ensuring the provision of adequate and reliable utility service  
3 throughout its certificated area before adding another 26 square miles of lands to its CC&N. *Id.*

4  
5 6. In contrast, H2O, with an existing certificated area approximately 1/4 the size of  
6 Johnson Utilities' existing CC&N, has a track record of over 30 years of providing water utility  
7 service with minimal problems. Therefore, approving H2O's supplemental request for authority  
8 to provide water utility service to the three additional areas identified herein provides the greatest  
9 benefit to the public.

10 7. Attached hereto as "Supplement to Exhibit 4" are the additional legal descriptions  
11 for the areas covered by this supplemental application.

12 8. Attached hereto as "Supplement to Exhibit 5" are maps depicting the additional  
13 areas covered by this supplemental application.

14  
15 9. H2O will promptly file an application with Pinal County to extend its current  
16 franchise area to include all of the areas subject to this request upon approval of the Commission  
17 for H2O to serve the areas covered by this supplemental application and H2O will provide  
18 evidence of the extended franchise prior to the initiation of service to customers in this area.  
19 H2O will also provide evidence of approvals to construct the necessary utility facilities and  
20 evidence of certificates of assured water supply before initiating water service within these areas.

21  
22 10. Notice of this supplement will be provided by H2O as required by the  
23 Commission. Notice will be given by mail to the known property owners within the areas  
24 covered by this supplement. Proof of service of the notice will be filed with the Commission.

25 11. All other provisions of H2O's Application are hereby incorporated by reference in  
26 support of this supplement.

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WHEREFORE, the Company requests the following relief:

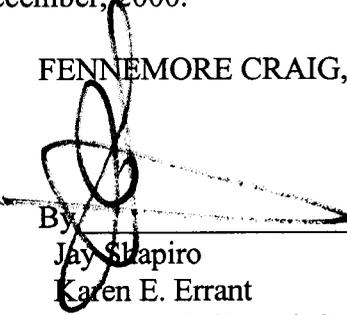
A. That the Commission supplement H2O's pending Application by including the additional areas described herein and consider such request in this proceeding;

B. That upon completion of said hearing that the Commission enter an Order approving the extension of H2O's current Certificate of Convenience and Necessity to include the geographic areas requested in the Application and this supplement thereto.

C. That the Commission, authorize such other and further relief as may be appropriate in accordance with applicable law.

DATED this 15<sup>th</sup> day of December, 2000.

FENNEMORE CRAIG, P.C.

By   
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Attorneys for H2O, Inc.

AN ORIGINAL and ten copies of the foregoing were filed this 15<sup>th</sup> day of December, 2000 with:

Docketing Supervisor  
Docket Control  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007

1 A COPY of the foregoing  
was delivered this 15<sup>th</sup>  
2 day of December, 2000 to:

3 Teena Wolfe, Esq.  
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Arizona Corporation Commission  
5 1200 West Washington St.  
Phoenix, AZ 85007  
6

7 Karen Nally, Hearing Officer  
Arizona Corporation Commission  
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Phoenix, Arizona 85007  
9

10 A COPY of the foregoing  
was mailed this 15<sup>th</sup>  
11 day of December, 2000 to:

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18

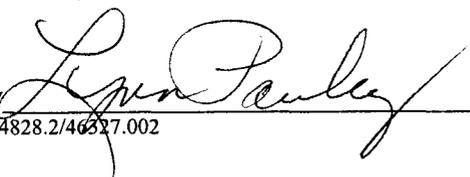
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## SUPPLEMENT TO EXHIBIT 4

### Morning Sun Farms (Parcel 6)<sup>1</sup>

Section 1, Township 3 South, Range 7 East, G&SRM, Pinal County, Arizona.

### Circle Cross Ranch (Parcels 11 and 22)

Section 31, Township 2 South, Range 8 East, and

Section 6, Township 3 South, Range 8 East, both in G&SRM,, Pinal County, Arizona.

### Skyline Ranch (Parcel 5)

A parcel of land being a portion of Section 12, Township 3 South, Range 7 East and a portion of Section 7, Township 3 South, Range 8 East of the G&SRM,, Pinal County, Arizona, being more particularly described as follows:

All of said Section 12 lying North and East of the Hunt Highway Right-of-Way except the North 1320 feet of the West 1320 feet lying North and East of Hunt Highway, and

The West Half of said Section 7 except the Hunt Highway Right-of-Way.

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<sup>1</sup> All parcel numbers and legal descriptions are taken from Johnson Utilities Fifth Amended Application. H2O will revise the legal descriptions, if necessary, to conform to the boundaries of the residential developments described herein.

**SUPPLEMENT TO EXHIBIT 5**

H2O, INC.

Pinal		2 South	8 East
COUNTY	SECTION	TOWNSHIP	RANGE

6		5		4		3	
						2	
							1
7		8		9		1 0	
						1 1	
							1 2
1 8		1 7		1 6		1 5	
						1 4	
							1 3
1 9		2 0		2 1		2 2	
						2 3	
							2 4
3 0		2 9		2 8		2 7	
						2 6	
							2 5
3 1		3 2		3 3		3 4	
						3 5	
							3 6

Type or Print Description Here:

- Blue = Existing CC&N
- Pink = Extension



